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NO. LTC#

245-2013

LETTER TO COMMISSION CITY CLERK'S OFFICE

TO:

Mayor Matti Herrera Bower and Members of the City Commission

FROM:

Jimmy L. Morales, City Manager 1

DATE:

July 16, 2013

SUBJECT: WATSON ISLAND PROPOSED DEVELOPMENT

The purpose of this LTC is to inform you of the recent proposed development of Watson Island.

BACKGROUND

In 2001 the City of Miami ("Miami") issued a Request for Proposal (RFP) for the development of the northwest sector of Watson Island. Among the proposers, Miami chose Flagstone Island Gardens ("Flagstone") for the development. On September 13, 2001 Miami approved Resolution 01-972, which authorized a referendum on whether the electorate was in favor of leasing city-owned land to Flagstone for the development known as the Island Gardens project. The referendum passed.

In 2004 the Miami Commission approved the Island Gardens Major Use Special Permit (MUSP), which consisted of 500 hotel rooms, 105 fractional ownership units and 221.000 square feet of retail.

Concurrent with the approval of the MUSP, the Miami Downtown Development Authority ("DDA") applied for a change to the allocation of development rights within the Downtown Development of Regional Impact (DRI) so that 605 hotel rooms and approximately 225,000 square feet of retail was allocated to the Island Gardens project on Watson Island. The Miami Commission approved the change to the DRI. The DRI boundaries generally include the Miami Central Business District, Brickell and Omni. In the nine years since the approval of the MUSP and amendment to the DRI, the Island Gardens project has not commenced.

PROPOSED DEVELOPMENT

Last month, Miami approved a lease extension allowing Flagstone more time to begin construction. Thereafter, Related Group of Florida and the Related Companies ("Related"), represented by Jorge Pérez and Stephen Ross respectively, executed a letter of intent to join the project.

According to the Miami Herald, "Related is pitching dramatic changes to the 12-year-old redevelopment plans. Among them: increasing the amount of retail space from about 220,000 to 500,000 square feet; increasing the number of hotel beds from 605 to 705; and adding 100,000 square feet of new convention center space to tiny Watson Island."

COMMUNITY AND ADMINISTRATION ACTION

Upon discovering the details of the proposed development, members of the community and the administration began discussing possible ways to voice the City of Miami Beach's concerns over the project. Among the issues raised at community meetings and conferences was the lack of transparency Miami has observed in vetting the proposed development.

On June 21, 2013, the City Manager and members of his staff attended a DDA meeting which was supposed to discuss the Watson Island development. Unbeknownst to the City Manager, and several members of the DDA board, the item had been removed from the DDA agenda prior to the meeting. While some discussion did take place, no substantive action was taken, nor any opinions given.

The Administration further worked with the City Attorney's Office in order to have ready a legal analysis of the proposed development. Also, the Administration has contacted several DDA board members as well as the City of Miami Beach's state lobbyists in order to prepare a strategy to best present the City of Miami Beach's position on this matter once it is given to the Administration by the City Commission.

Additionally, various community and neighborhood groups have formed a coalition united to oppose the proposed development. Members of the City Manager's staff attended an organizational meeting to provide an update. It is anticipated that members of this coalition will be present at the next City Commission meeting to further discuss these issues.

CONCLUSION

Although the City Commission has not had the opportunity to provide direction to the Administration on this matter, several commissioners have placed the item on tomorrow's agenda for discussion. The actions taken to date by the Manager and his staff have been in preparation for that meeting.

JLM/JMJ

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